

# United States District Court

FOR THE  
**NORTHERN DISTRICT OF CALIFORNIA**  
**CRIMINAL DIVISION**

**VENUE: SAN FRANCISCO**

UNITED STATES OF AMERICA,

v.

NEWCON INTERNATIONAL LTD.

PJH

FILED

DEC - 4 2007

RICHARD W. WIEKING  
CLERK, U.S. DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA

**DEFENDANT.**

## INDICTMENT

A true bill.

*Edna P. Keller* Foreman

Filed in open court this 4th day of  
December 2007.

Clark

Bail. \$ ~~100.00~~ *100.00*

United States District Court

FOR THE  
NORTHERN DISTRICT OF CALIFORNIA  
CRIMINAL DIVISION

VENUE: SAN FRANCISCO

CR 07

0765

PJH

UNITED STATES OF AMERICA,

v.

DEC - 4 2007

MENDEL BEKER, a.k.a. Mikhail Lvovich, a.k.a. Michael Beker RICHARD W. WIEKING  
CLERK, U.S. DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA

DEFENDANT.

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INDICTMENT

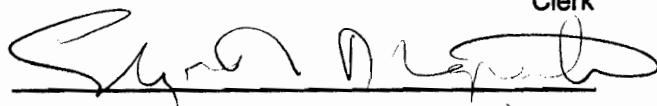
A true bill.



Foreman

Filed in open court this 4th day of  
December 2007.

Clerk



Bail, \$ no bail defendant waives

United States District Court

FOR THE  
NORTHERN DISTRICT OF CALIFORNIA  
CRIMINAL DIVISION  
VENUE: SAN FRANCISCO

UNITED STATES OF AMERICA, 08725

PJH

v.

ARIE PRILIK

FILED

DEC - 4 2007

RICHARD W. WIEKING  
CLERK, U.S. DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA

DEFENDANT.

INDICTMENT

A true bill.

*Edna R. Keller* \_\_\_\_\_  
Foreman

Filed in open court this 4th day of

*December 2007.*

Clerk

*Susan Lepore*  
Bail, \$ no bond a detainant

PENALTY SHEET

Individual: Arie Prilik

18 U.S.C. §1343 - Fraud by Wire

Maximum Penalties:

1. \$250,000 or two times the loss, whichever is greater
2. A term of imprisonment of 20 years
3. A term of probation of at least one year but not more than five
4. \$100 special assessment per count (\$200)
5. Restitution

18 U.S.C. § 371 - Conspiracy to Commit Wire Fraud

Maximum Penalties:

1. \$250,000 or two times the gain or loss, whichever is greater
2. A term of imprisonment of 5 years
3. A term of probation of at least one year but not more than five
4. \$100 special assessment per count (\$100)
5. Restitution

## DEFENDANT INFORMATION RELATIVE TO A CRIMINAL ACTION IN U.S. DISTRICT COURT

BY:  COMPLAINT  INFORMATION  INDICTMENT  
 SUPERSEDING

## OFFENSE CHARGED

18 U.S.C. Section 1343 - Scheme by  
 Wire; 18 U.S.C. Section 371 -  
 Conspiracy; 18 U.S.C. Section  
 1956(a)(2)(A) - Money Laundering

Petty  
 Minor  
 Misdemeanor  
 Felony

## PENALTY:

See attached

## PROCEEDING

Name of Complainant Agency, or Person (&amp;Title, if any)

person is awaiting trial in another Federal or State Court, give name of court

this person/proceeding is transferred from another district per (circle one) FRCrP 20, 21 or 40. Show District

this is a reprocsecution of charges previously dismissed which were dismissed on

U.S. Att'y  Defense

this prosecution relates to a pending case involving this same defendant

prior proceedings or appearance(s) before U.S. Magistrate regarding this defendant were recorded under

SHOW DOCKET NO.

MAGISTRATE CASE NO.

Name and Office of Person Jeane Hamilton  
 Furnishing Information on Antitrust Division  
 THIS FORM U.S. Dept. of Justice  
 San Francisco Field Office

U.S. Att'y  Other U.S. Agency

Name of Asst. U.S. Att'y  
 (if assigned)

## ADDITIONAL INFORMATION OR COMMENTS

## PROCESS:

SUMMONS  NO PROCESS\*  WARRANT Bail Amount: \_\_\_\_\_

If Summons, complete following:

Arraignment  Initial Appearance

Defendant Address:

\*Where defendant previously apprehended on complaint, no new summons or warrant needed, since Magistrate has scheduled arraignment

Date/Time: \_\_\_\_\_

Before Judge: \_\_\_\_\_

Comments:

Name of District Court, and/or Judge/Magistrate Location  
 NORTHERN DISTRICT OF CALIFORNIA

## DEFENDANT - U.S.

**FILED**

Mendel Beker a.k.a. Michael Beker a.k.a.

Michael Lvovich

DEC - 4 2007

CR 07 0765 - PJB

RICHARD W. WIEKING  
 CLERK, U.S. DISTRICT COURT  
 NORTHERN DISTRICT OF CALIFORNIA

## DEFENDANT

## IS NOT IN CUSTODY

Has not been arrested, pending outcome this proceeding.

- 1)  If not detained give date any prior summons was served on above charges
- 2)  Is a Fugitive
- 3)  Is on Bail or Release from (show District)

## IS IN CUSTODY

- 4)  On this charge
- 5)  On another conviction
- 6)  Awaiting trial on other

}  Fed'l  State

If answer to (6) is "Yes", show name of institution

Has detainer been filed?  Yes  No } If "Yes" give date filed

DATE OF ARREST  Month/Day/Year

Or... if Arresting Agency & Warrant were not

Month/Day/Year

DATE TRANSFERRED  TO U.S. CUSTODY

This report amends AO 257 previously submitted

PENALTY SHEET

Individual: Mendel Beker a.k.a. Michael Beker a.k.a. Michael Lvovich

18 U.S.C. §1343 - Fraud by Wire

Maximum Penalties:

1. \$250,000 or two times the gain or loss, whichever is greater
2. A term of imprisonment of 20 years
3. A term of probation of at least one year but not more than five
4. \$100 special assessment per count (\$200)
5. Restitution

18 U.S.C. § 371 - Conspiracy to Commit Wire Fraud

Maximum Penalties:

1. \$250,000 or two times the gain or loss, whichever is greater
2. A term of imprisonment of 5 years
3. A term of probation of at least one year but not more than five
4. \$100 special assessment per count (\$100)
5. Restitution

18 U.S.C. 1956(a)(2)(A) - Money Laundering

Maximum Penalties:

1. \$500,000 or twice the value of the monetary instrument or funds involved in the transportation, transmission, or transfer, whichever is greater
2. A term of imprisonment of 20 years.
3. A term of probation of at least one year but not more than five
4. \$100 special assessment per count (\$100)
5. Restitution
6. Forfeiture

PENALTY SHEET

Corporation: Newcon International Ltd.

18 U.S.C. § 1343 - Wire Fraud

Maximum Penalties:

1. \$250,000 or two times the loss or gain, whichever is greater
2. A term of probation of at least one year but not more than five
3. \$100 special assessment per count (\$200)
4. Restitution

18 U.S.C. § 371 - Conspiracy to Commit Wire Fraud

Maximum Penalties:

1. \$250,000 or two times the gain or loss, whichever is greater
2. A term of probation of at least one year but not more than five
3. \$100 special assessment per count (\$100)
4. Restitution

18 U.S.C. 1956(a)(2)(A) - Money Laundering

Maximum Penalties:

1. \$500,000 or twice the value of the monetary instrument or funds involved in the transportation, transmission, or transfer, whichever is greater.
2. A term of probation of at least one year but not more than five.
3. \$100 special assessment per count
4. Restitution
5. Forfeiture

## DEFENDANT INFORMATION RELATIVE TO A CRIMINAL ACTION IN U.S. DISTRICT COURT

BY:  COMPLAINT  INFORMATION  INDICTMENT  
 SUPERSEDING

Name of District Court, and/or Judge/Magistrate Location  
 NORTHERN DISTRICT OF CALIFORNIA

## OFFENSE CHARGED

18 U.S.C. Section 1343 - Scheme by  
 Wire; 18 U.S.C. Section 371 -  Petty  
 Conspiracy; 18 U.S.C. Section  Minor  
 1956(a)(2)(A) - Money Laundering  Misdemeanor  
 Felony

## PENALTY:

See attached

## DEFENDANT - U.S.

FILED  
 Newcon International Ltd. aka Newcon  
 Optik

DISTRICT COURT NUMBER DEC - 4 2007

CR 07 0765 - PJH RICHARD W. WIEKING  
 CLERK, U.S. DISTRICT COURT  
 NORTHERN DISTRICT OF CALIFORNIA

## DEFENDANT

## IS NOT IN CUSTODY

Has not been arrested, pending outcome this proceeding.

- 1)  If not detained give date any prior summons was served on above charges
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- 3)  Is on Bail or Release from (show District)

## IS IN CUSTODY

- 4)  On this charge
- 5)  On another conviction
- 6)  Awaiting trial on other

}  Fed'l  State

If answer to (6) is "Yes", show name of institution

Has detainer been filed?  Yes  No } If "Yes" give date filed

Month/Day/Year

## DATE OF ARREST

Or... if Arresting Agency & Warrant were not

Month/Day/Year

## DATE TRANSFERRED TO U.S. CUSTODY

This report amends AO 257 previously submitted

## ADDITIONAL INFORMATION OR COMMENTS

## PROCESS:

SUMMONS  NO PROCESS\*  WARRANT Bail Amount: \_\_\_\_\_

If Summons, complete following:

Arraignment  Initial Appearance

\*Where defendant previously apprehended on complaint, no new summons or warrant needed, since Magistrate has scheduled arraignment

Defendant Address:

Date/Time: \_\_\_\_\_

Before Judge: \_\_\_\_\_

Comments: \_\_\_\_\_

1 JEANE HAMILTON (CA State Bar No. 157834)  
2 NATHANAEL M. COUSINS (CA State Bar No. 177944)  
2 DAVID J. WARD (CA State Bar No. 239504)  
3 Antitrust Division  
3 United States Department of Justice

FILED

DEC - 4 2007

R RICHARD W. WIEKING  
CLERK, U.S. DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA

7 UNITED STATES DISTRICT COURT

8 NORTHERN DISTRICT OF CALIFORNIA

9 SAN FRANCISCO DIVISION

PJH

10  
11 UNITED STATES OF AMERICA, ) No. 10-cr-00000  
12 Plaintiff, )  
13 )  
14 v. )  
15 MENDEL BEKER, a.k.a. )  
15 Mikhail Lvovich, a.k.a. Michael Beker, )  
16 ARIE PRILIK and )  
16 NEWCON INTERNATIONAL LTD. )  
17 Defendants. )  
18  
19 SAN FRANCISCO VENUE

VIOLATIONS: 18 U.S.C. § 1343  
- Wire Fraud; 18 U.S.C. § 371 -  
Conspiracy; 18 U.S.C. §1956(a) -  
Money Laundering; 18 U.S.C.  
§ 982(a)(1) - Forfeiture

19  
20 INDICTMENT

21 The Grand Jury charges:

22  
23 BACKGROUND

24 At all times relevant to this Indictment:

25 1. Night vision goggles are specially constructed binoculars that allow the user  
26 to see objects and surroundings in the dark without additional illumination. The quality of  
27 night vision goggles is graded by generations (known as "Gen"), and include Gen I and  
28 Gen II night vision goggles. Gen II goggles contain more sophisticated technology than  
Gen I goggles.

1           2.       Defendant NEWCON INTERNATIONAL LTD. ("NEWCON"), also  
2 known as Newcon Optik, was a privately held company based in Toronto, Canada.  
3 NEWCON sells night vision goggles. Whenever in this Indictment reference is made to  
4 any act, deed, or transaction of NEWCON, the allegation means that NEWCON engaged  
5 in the act, deed, or transaction by or through its officers, directors, employees, agents, or  
6 other representatives while they were actively engaged in the management, direction,  
7 control, or transaction of NEWCON'S business or affairs.

8           3.    Defendant MENDEL BEKER, a resident of Toronto, Canada, was president  
9 and chief executive of NEWCON.

10       4.    Defendant ARIE PRILIK, a resident of Toronto, Canada, was a vice president  
11 at NEWCON and reported to BEKER.

12        5. On or about February 14, 2005, the U.S. Army's Tank-Automotive and  
13 Armaments Command ("TACOM"), the military unit tasked with equipping and training  
14 the Iraqi Army, awarded a contract valued at approximately \$250 million to International  
15 Trade Establishment ("ITE"), a civilian military supplier based in Amman, Jordan.  
16 Known as the Battalion Set II contract, the contract required ITE to supply the Iraqi Armed  
17 Forces with weapons, communications equipment and Gen II night vision goggles.

18       6. On or about March 12, 2005, ITE awarded the night vision goggles portion of  
19 the Battalion Set II contract to American Technologies Network, Inc. (“ATN”), a South  
20 San Francisco-based corporation.

21 | COUNTS ONE AND TWO: (18 U.S.C. § 1343 - Wire Fraud)

22 7. Paragraphs 1 through 6 are realleged as if fully set forth here.

## THE SCHEME TO DEFRAUD

24 8. Beginning in or about August 2005 and continuing until on or about February  
25 7, 2006, both dates being approximate and inclusive, in the Northern District of California  
26 and elsewhere, the defendants:

MENDEL BEKER,  
ARIE PRILIK and  
NEWCON

1 did knowingly and intentionally devise and intended to devise, a scheme and artifice to  
2 defraud TACOM as to a material matter, to obtain money and property by means of  
3 materially false or misleading pretenses, representations, omissions, and promises, related  
4 to TACOM's purchase of night vision goggles under the Battalion Set II contract.

5       9. After failing to disrupt ATN's contract to supply night vision goggles under  
6 the Battalion Set II contract, BEKER, PRILIK, and NEWCON devised a scheme to  
7 unlawfully enrich themselves by paying ATN to stop supplying night vision goggles under  
8 the Battalion Set II contract using false or misleading pretenses, at which point NEWCON  
9 would supply the night vision goggles at inflated prices.

10      10. It was part of the scheme and artifice to defraud that BEKER, PRILIK and  
11 NEWCON participated in or did the following, among other things:

- 12       a. BEKER contacted an ATN representative and offered to pay ATN to stop  
13           supplying night vision goggles under the Battalion Set II contract;
- 14       b. BEKER instructed the ATN representative to create an invoice billing  
15           NEWCON \$50,000 and to falsely describe the \$50,000 as a "loan," thereby  
16           concealing the true purpose of the \$50,000 -- as an initial payment to  
17           induce ATN to stop supplying night vision goggles under the Battalion Set  
18           II contract;
- 19       c. BEKER caused \$50,000 to be transferred via wire from a bank account  
20           controlled by NEWCON to a bank account controlled by ATN for the  
21           purpose of paying ATN to stop supplying night vision goggles under the  
22           Battalion Set II contract;
- 23       d. PRILIK told a TACOM contracting official that ATN could no longer  
24           supply night vision goggles due to production, export and quality problems.  
25           PRILIK's statements included false or misleading pretenses. PRILIK then  
26           informed the TACOM official that NEWCON could supply the night vision  
27           goggles, but at a substantially higher price.

28

## THE USE OF THE WIRES

2       11. On or about the dates listed below, in the Northern District of California  
3 and elsewhere, for the purpose of executing the aforementioned scheme and artifice to  
4 defraud, and attempting to do so, defendants:

MENDEL BEKER,  
ARIE PRILIK and  
NEWCON

7 knowingly transmitted and caused to be transmitted, in interstate and foreign commerce,  
8 wire communications as set forth below:

9	<u>Count</u>	<u>Date</u>	<u>Route of Wire</u>	<u>Description</u>
10	ONE	Sept. 7, 2005	Toronto, Canada to San Mateo, California	\$50,000 wire transfer from Bank of Nova Scotia (Acct#: held by Newcon Optik) to Union Bank of California (Acct#: held by American Technologies Network Corp.)
11				
12				
13				
14				
15	TWO	Sept. 20, 2005	Toronto, Canada to South San Francisco, California	Telephone call from PRILIK to ATN Representative

17 All in violation of Title 18, United States Code, Section 1343.

18 | COUNT THREE: 18 U.S.C. § 371 (Conspiracy to Commit Wire Fraud)

19        12. Paragraphs 1 through 6 and paragraphs 8 through 11 are realleged as if fully  
20 set forth here.

13. Beginning in or about August 2005 and continuing until on or about  
February 7, 2006, both dates being approximate and inclusive, in the Northern District of  
California and elsewhere, the defendants:

MENDEL BEKER,  
ARIE PRILIK and  
NEWCON

26 did knowingly and intentionally conspire and agree to commit wire fraud, in violation of  
27 Title 18, United States Code, Section 371.

28 //

## OVERT ACTS

14. As part of the conspiracy, and to carry out its objectives, BEKER and PRILIK, as agents of NEWCON and while they were actively engaged in the management, direction, control or transaction of NEWCON's business affairs, committed or caused to be committed the following overt acts, among others, in the Northern District of California and elsewhere:

- a. On or about August 26, 2005, PRILIK spoke by telephone to an ATN representative, proposing that ATN and NEWCON coordinate the price at which they would offer to sell night vision goggles under the TACOM contract. PRILIK described this as “an illegal antitrust.”
- b. On or about September 1, 2005, BEKER spoke by telephone to an ATN representative and proposed to compensate ATN in return for ATN’s agreement to stop supplying night vision goggles under the Battalion Set II contract.
- c. On or about September 7, 2005, BEKER ordered the wire transfer of \$50,000 from a bank account controlled by NEWCON at the Bank of Nova Scotia to a bank account controlled by ATN at the Union Bank of California, the first installment in NEWCON’s payments to ATN in return for ATN’s agreement to stop supplying night vision goggles under the Battalion Set II contract.
- d. On or about September 20, 2005, PRILIK spoke by telephone to an ATN representative and, among other things, pressed him to sign an agreement containing the false or misleading pretenses under which ATN would stop supplying night vision goggles under the Battalion Set II contract.

All in violation of Title 18, United States Code, Section 371.

COUNT FOUR: (18 U.S.C. 1956(a) - Money Laundering)

15. Paragraphs 1 through 6 and 8 through 11, are realleged as if fully set forth here.

1           16. On or about September 7, 2005, within the Northern District of California  
2 and elsewhere, the defendants:

MENDEL BEKER and  
NEWCON

5 did transport, transmit or transfer, or cause to be transported, transmitted or transferred, or  
6 did attempt to transport, transmit or transfer, a monetary instrument or funds from a place  
7 outside the United States to a place in the United States, with the intent to promote the  
8 carrying on of specified unlawful activity, namely Wire Fraud as alleged in Counts One  
9 and Two herein, by transferring \$50,000 from a bank account controlled by NEWCON at  
10 the Bank of Nova Scotia in Toronto, Canada, to a bank account controlled by ATN at the  
11 Union Bank of California in the Northern District of California, in violation of Title 18,  
12 United States Code, Section 1956(a)(2)(A).

13 | FORFEITURE ALLEGATION: (18 U.S.C. § 982(a)(1))

14        17. Paragraphs 1 through 6, 8 through 11, and paragraph 16 are hereby re-  
15        alleged as if fully set forth here, for the purpose of alleging forfeiture pursuant to the  
16        provisions of Title 18, United States Code, Section 982(a)(1).

17        18. Upon conviction of the offense alleged in Count Four of this Indictment, the  
18 defendants:

MENDEL BEKER and  
NEWCON

21 shall forfeit to the United States pursuant to Title 18, United States Code, Section  
22 982(a)(1), all right, title and interest in property, real or personal, involved in said  
23 violation, or any property traceable to such property, including but not limited to:

24 a. all property used in any manner to commit or facilitate the  
25 commission of said offenses, including but not limited to \$50,000  
26 transferred from a NEWCON bank account at the Bank of Nova  
27 Scotia to an ATN bank account at the Union Bank of California.

28 //

b. a sum of money equal to the total amount of money involved in the commission of said offenses.

19. If, as a result of any act or omission of the defendants, any of said property

- a. cannot be located upon the exercise of due diligence,
- b. has been transferred or sold to or deposited with a third person,
- c. has been placed beyond the jurisdiction of the Court,
- d. has been substantially diminished in value, or
- e. has been commingled with other property that cannot be divided without difficulty,

any and all interest the defendants have in any other property, up to the value of the property described in paragraph 18 above, shall be forfeited to the United States pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 18, United States Code, Section 982(b)(1).

DATED:

A TRUE BILL

Thomas O. Barnett  
Assistant Attorney General

## FOREPERSON

117-11

---

Scott D. Hammond  
Deputy Assistant Attorney General

Phillip H. Warren  
Chief, San Francisco Office

**Marc Siegel**  
Director of Criminal Enforcement

Jeane Hamilton  
Nathanael M. Cousins  
David J. Weller

United States Department of Justice  
Antitrust Division

U.S. Department of Justice  
Antitrust Division  
1525 G Street, N.W.

  
Scott N. Schools  
United States Attorney  
Northern District of California

450 Golden Gate Ave.  
Box 36046, Room 10-0101  
San Francisco, CA 94102  
(415) 436-6660